

STANDARDIZED MILK PRICE CALCULATIONS for JUNE 2014 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		36.88	0.97	40.77
Alois Müller	DE	0.51	0.31		35.48	0.00	39.14
Nordmilch	DE		0.15		39.05	0.00	39.66
Arla Foods	DK	0.78			39.84	2.01	41.72
Hämeenlinnan Osuusmeijeri	FI				44.39	2.52	46.27
Bongrain CLE (Basse Normandie)	FR	0.74			40.20	none	38.97
Danone (Pas de Calais)	FR				38.43	none	38.87
Lactalis (Pays de la Loire)	FR				38.64	none	37.66
Sodiaal	FR	0.58			37.26	none	37.19
Dairy Crest (Davidstow)	GB	0.12	0.36	-2.72	38.14	0.00	38.88
First Milk	GB	0.97	1.21		39.79	0.00	37.09
Glanbia	IE				36.96	0.00	38.52
Kerry	IE				36.84	none	38.47
Granarolo (North)	IT	1.15	3.42		45.81	none	44.15
DOC Kaas	NL	0.03	0.34		35.38	2.31	41.25
Friesland Campina	NL	0.05	0.75		40.77	2.91	44.36
AVERAGE MILK PRICE THIS MONTH (2)					38,99		40,19
Emmi A.G.	CH		2.88		51.59	none	52.04
Fonterra (5)	NZ				30.01	0.00	39.34
United States of America (3)	US	0.17			38.88	none	37.13

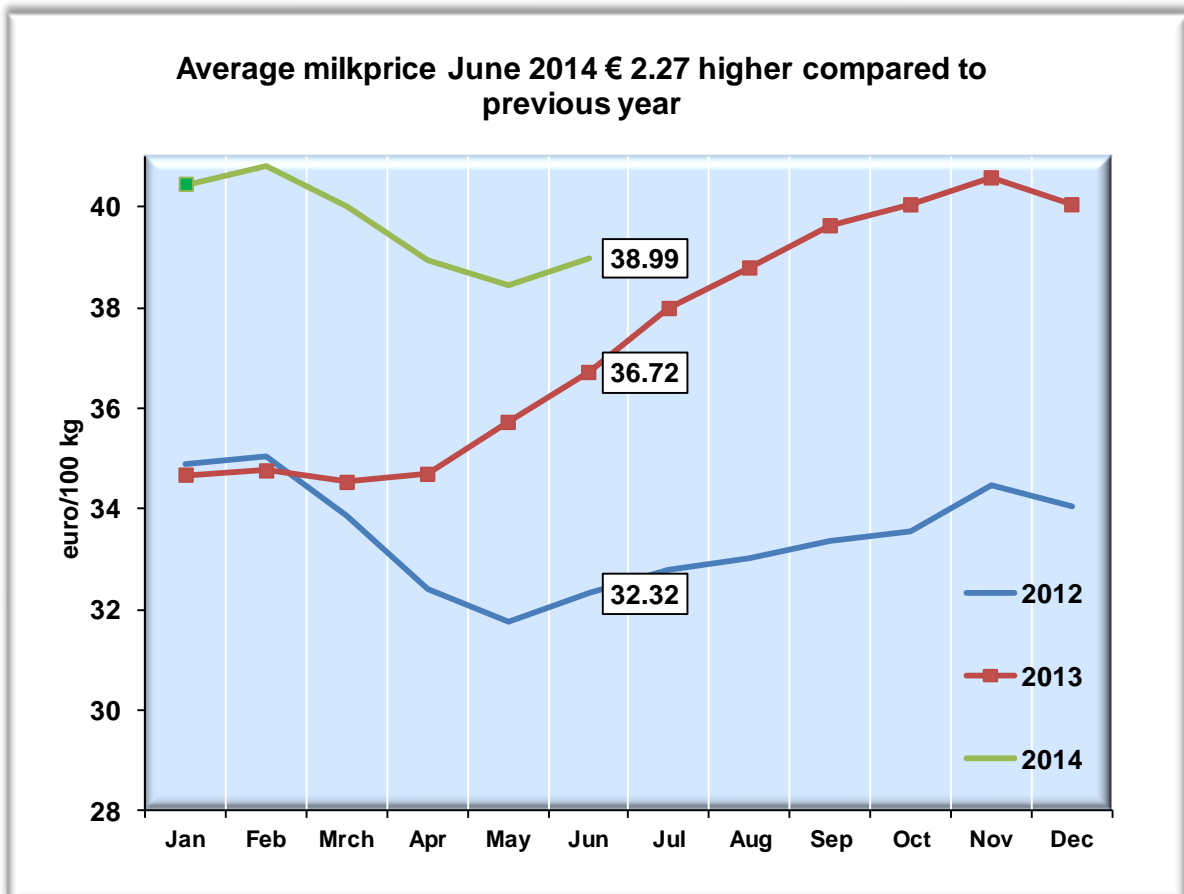
Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

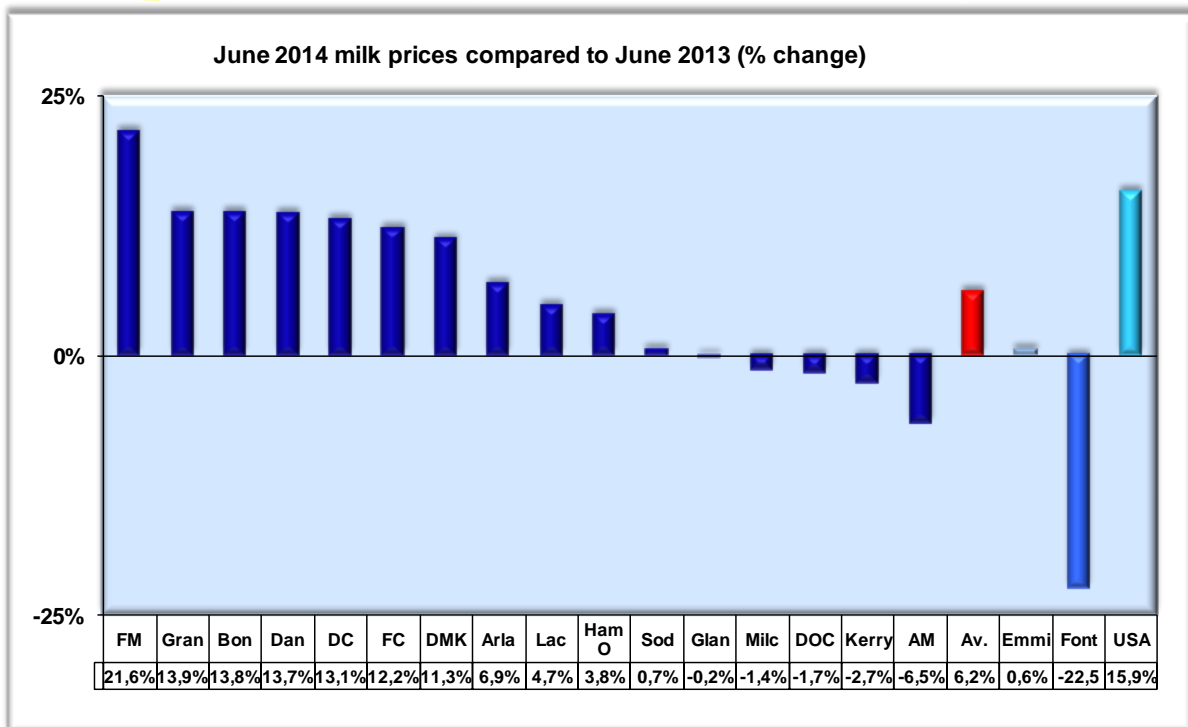
ADDITIONAL REMARKS MILK PRICES JUNE 2014

MILK PRICES

The calculated prices in June 2014 averaged € 38.99, an increase of 6.2% compared to June 2013 (+ € 2.27). Compared to May, the average calculated milk prices increased by € 0.56.



The development of the milk prices differs a lot between the dairies. Many dairy companies have reduced the milk prices and /or announced future reductions. In contrast, the French dairy companies have increased their milk prices in June. The French and British milk prices in June have never been as high as this year. Also in the U.S. dairy farmers receive the record June milk prices.



Milcobel

The calculated milk price of Milcobel has dropped with € 2.10 per 100 kg in June.

Germany

Alois Muller, reduced the base price in June with € 1.5. In July this price will not change. The milk price of DMK has not changed.

Retrospectively, the calculated milk prices of Alois Muller are increased with € 0.05 per 100 kg standard milk. The bonus for every other day collection of € 0.26 is replaced by a volume bonus of € 0.31 per 100 kg corresponding to an annual supply of 500,000 kg per year.

Scandinavia

The milk price of Arla has not changed in June, but for July and August price cuts are announced of € 1.5 respectively € 1.25 per 100 kg. Retroactively, the calculated milk price of Arla is increased with a bonus for independent collection of € 0.27.

The calculated milk price of Hämeenlinnan Osuusmeijeri has increased due to the expiration of the seasonal bonus, which was in May € 2 per 100 kg ..

France

In June Bongrain, Lactalis, Danone and Sodiaal increased their milk prices by respectively € 4.71, € 3.57, € 0.97 and € 0.83 per 100 kg of milk partly due to seasonal adjustments.

United Kingdom

The calculated milk prices of Dairy Crest and First Milk increased by € 0.83 and € 0.56, due to a lower seasonal levy (Dairy Crest) and the increase of the value of the British pound against the euro. First Milk has announced price cuts for July and August of 1.15 and 1.25 pence per liter or a total of about € 2.9 per 100 kg of milk. Dairy Crest has announced to reduce the milk price of September with 1.1 pence per liter or € 1.4 per 100 kg.

Ireland

The milk price of Glanbia has not changed, while the milk price of Kerry fell by € 1.94 per 100 kg standard milk.

Granarolo

The milk price of Italian Granarolo remained unchanged in June.

Netherlands

The calculated milk price of DOC Cheese has not changed in June and will remain the same in July. FrieslandCampina's guaranteed price increased by € 1.75 in June, because the milk prices of the reference companies were not properly estimated. In July, the guaranteed price is reduced by € 2.50.

Emmi

The calculated milk price of the Swiss Emmi rose in June to € 2.88 entirely due to the expiration of the seasonal levy. Without this effect, the milk price would have dropped something, because the so-called B and C - prices are slightly reduced. The milk price of Emmi is based on a weighted average of A, B and C price.

Fonterra

New Zealand's Fonterra has its latest forecasts for the new milk price season, which begins in June, revised down from NZ \$ 7 to NZ \$ 6 per kg milk solids (fat and protein). Including an expected dividend of NZ \$ 0.20-0.25 the calculated milk price is € 30.01 per 100 kg standard milk.

For the past season 2013/14, the milk price has not yet been finalized, but the most recent forecast is a record milk price of NZ \$ 8.4 plus a dividend of NZ \$ 0.1 or \$ 8.50 in total per kg milk solids corresponding to € 40 per 100 kg standard milk.

A milk price of NZ \$ 6.20-6.25 is at the level of the years 2011/12 and 2012/13.

USA

Although the U.S.A. Class III milk price in June fell from \$ 22.57 to \$ 21.36 per hundredweight, the milk price has never been so high in June.

MARKET SITUATION

In the EU-28 milk supplies over the first five months of 2014 was 5.3% higher than the same period last year.

At this time the market is in summer holiday mood. Milk production remains strong by seasonal standards, driven by high farm gate prices and good weather conditions worldwide. But as export demand is declining, market has become vulnerable and threatens to get out of balance. Market sentiment has turned negative as prices are coming under severe pressure. Most important trigger was the build-up of stocks in China and falling demand in some emerging markets in response to high dairy commodity prices. Chinese demand in the world market remained suppressed as they have accumulated more than sufficient stocks and are now reducing forward purchasing. Supply and demand balance is vulnerable. Much will depend on the size of the milk output growth for the second half of the year and the export opportunities. On the GlobalDairyTrade auctions prices made a big decline during June and July. From the start of this year WMP prices have fallen as much as 35%. This development is also reflected in the EU market. Since July prices are caught in a downward trend.

The only bright spot is the cheese market, where the recent price recovery seems to consolidate.

MARKTSITUATION

€ per 100 kg

Quotations Nederland				
	1 January 2014	1 August 2014	index	trend
Butter	409	342	83,6	↓
WMP	379	296	78,1	↓
SMP	330	263	79,7	↓
Wheypowder	99	92	93,0	→
Gouda cheese	± 400	± 365	91,3	→